

SOFTMART PROGRAM AGREEMENT

Microsoft is providing DOD ESI qualifying agencies a volume licensing program based on forecasted requirements for desktop software for the entire DOD for new and renewal enrollments. This program agreement will outline who qualifies to take advantage of the available discounts under this agreement, how to begin the process, and additional information for ordering officers.

HOW THE ENTERPRISE AGREEMENT PROGRAM WORKS

The Enterprise Agreement program gives customers that wish to license one or more of Microsoft's platform products across their enterprise the means to ensure that their entire enterprise will be licensed. You can participate in this program on behalf of an agency and agency affiliates by submitting one or more enrollments under this agreement. On the enrollment, you will designate the scope of the enrolled affiliate's enterprise and make the initial selection of enterprise products and any additional products the enrolled affiliate wishes to license *from the products identified in Attachment A*. Each enrollment must include at least one of those products that we make available to license as an enterprise product. We may reasonably refuse to accept an enrollment.

- a. Establishing price levels.** Each product is assigned to one of the following pools: applications, systems or servers. Your prices for an enrollment are based on the "price level" for which you qualify in each individual product pool. Price levels are established separately for each enrollment as described in this subsection.

Product pools from which an enterprise product has been ordered. For each product pool from which you order an enterprise product, the price level throughout the initial term of the enrollment for any enterprise products or additional products ordered from that pool will be the price level for which you qualify based on its initial number of qualified desktops (you will be provided with a table in the enrollment to determine the initial price level).

Product pools from which no enterprise product has been ordered. For any product pool from which you do not order an enterprise product, the price level for additional products within that pool will be price level "D" throughout the term of the enrollment (including any renewals), unless a different price level is specified in the applicable enrollment.

Renewal price levels. Price levels for pools from which an enterprise product has been ordered will be reset for each renewal term based upon the total number of qualified desktops as of the date of the renewal order for that renewal term.

- b. Deriving prices from price levels.** Your prices are determined as follows.

For products covered by the initial order. For each product covered by an enrollment's initial order, your price for all copies of that product made at any time during the initial enrollment term (including copies ordered by true up as described in subsections 3(c) (Placing annual "true up" orders to account for additional desktops) and 4(c) (Placing annual "true up" orders to account for additional copies)) will be provided in the enrollment and will not change throughout the initial enrollment term.

For additional products added after the initial order. For each new additional product first added after signing of the enrollment, your price for all copies of that product made at any time during the initial enrollment term (including copies ordered by true up) will be that price (including the true up price) in effect for your price level for that product as of the date of your first order for that product.

For products renewed in a renewal order. Prices are re-established at the beginning of each renewal term. For each enterprise product and each additional product being renewed, your renewal price for all copies of that product made during the renewal term (including copies ordered by true up) will be the price (including the true up price) in effect for your renewal price level for that product as of the date of the renewal order.

For additional products added during a renewal term. For each new additional product first added during a renewal term, your price for all copies of that product made at any time during that particular renewal term (including copies ordered by true up) will be the price (including the true up price) in effect for your renewal price level in effect for that product as of the date of your first order for that product.

Special reference prices during open enrollment period

Determination of Volume Level.

The Forecasted Volume Level for new and renewal enrollments is set forth below

Fiscal Year	DOD ESI Forecast
FY-03	New enrollments = 180,669 desktops
	Renewal enrollments = 348,603 desktops

c. Determination of prices.

For enrollments signed during the Open Enrollment Period, the following shall apply:

- ♦ The Year 1 per-desktop price for each Product Configuration covered by each such enrollment, for each qualified desktop irrespective of the number of qualified desktops under such Enrollment, shall be determined according to the Forecasted Volume Level identified in subsection (b) above. Once established, price levels may be adjusted from time to time based on actual license purchase volume as described in subsection (d).
- ♦ The year 1 per-desktop price for each Product Configuration covered by each enrollment, for each desktop irrespective of the number of qualified desktops under such enrollment, shall be re-leveled according to the actual Volume Level of total enrollments that was achieved during the Open Enrollment Period. If the actual Volume Level at the expiration of the Open Enrollment Period is different from your Forecasted Volume Level, we will adjust your price level up or down as appropriate, i.e. (i) the difference between the price level in Attachment A for the Forecasted Volume Level and the price level for the actual Volume Level will be split between the remaining two years of the affected enrollment, and (ii) the price level for the remaining two years of the enrollment will be adjusted to reflect the actual Volume Level.
- ♦ The Year 2 and Year 3 per-desktop prices are based on the actual aggregate Volume Level for each product configuration on the date which is 30 days prior to the 1st or 3rd anniversary date of enrollment, as appropriate. *For example: The year 1 Forecasted Volume for new enrollments is 100,000 to 199,999 qualified desktops, resulting in a Standard Desktop price of \$242.09. The actual number of qualified enrollments enrolled during the Open Enrollment Period is between 200,000 and 299,999 resulting in a Standard Desktop price of \$239.95. The difference between the per-desktop price for the Forecasted Volume Level and actual Volume Level is split equally as an adjustment to the year 2 and year 3 payments, and the price for years 2 and 3 is further adjusted to reflect the actual Volume Level, as describe below.*

	Qty of Enrollments	Year 1	Year 2	Year 3
Forecasted volume price for Standard Desktop	Between 100,000 to 199,999 desktops	\$242.09	\$242.09	\$242.09
Actual volume price for Standard Desktop 11 months after enrollment 1st anniversary date	Between 200,000 to 299,999 desktops	\$242.09	\$238.88	\$238.88

e. For Enterprise Enrollments signed after the Offer Deadline, the following shall apply:

The Year 1, Year 2, and Year 3 per-desktop prices, respectively, for each Product Configuration on each qualified Desktop shall be determined based upon the then-current published Microsoft prices for each such Product Configuration which correspond to the applicable Volume Level;

PROGRAM OFFERING

Individual agencies will be able to have their own enrollments that reflect their own product mix, term of enrollment, and payment terms specific to each individual agency, component, commission, etc. There are three available configurations, listed below. Each of these includes products upgrade and updates to the listed products for 3-year terms of the enrollment.

Standard Configuration

Includes Operating System Upgrade, Office Professional, and Windows, SMS, and Exchange Client Access Licenses.

Enhanced Configuration

Includes, Operating Systems Upgrade, Office Professional, and Core CAL.

Enhanced Configuration with SQL CAL

Includes Operating System Upgrade, Office Professional, Core CAL, and SQL CAL.

PARTICIPATION REQUIREMENTS

All agencies under the U.S. Department of Defense are eligible to participate in this program. There are two classifications of enrollments: New and Renewal. The new enrollments will include license and Software Assurance, and the renewal enrollments will include Software Assurance only.

New Enrollment

The agency, component, commission, etc., must submit required enrollment information using the forms provided and an executed purchase order.

Renewal Enrollment

The agency, component, commission, etc., must submit proof of ownership of current versions of licenses, via Authorization letter from the Contracting Officer, required enrollment information, and an executed purchase order. For more information on how to proceed with a renewal enrollment, please contact the Softmart Program Manager, Andrew Rohrbough, at 610 518-4000 x 6492, andrew.rohrbough@softmart.com.

ENROLLMENT PERIODS

There are two enrollment periods during which an agency, component, commission etc. can enroll. These enrollment periods will determine the pricing levels as shown below.

New Product Configurations Pricing before October 1, 2002

Volume Level	50,000 to 99,999	100,000 to 199,999	200,000 to 299,999
Standard	\$248.52	\$242.09	\$239.95
OS Upgrade			
Office Professional			
Windows, Exchange and SMS CAL			
Enhanced	\$237.81	\$231.38	\$229.24
OS Upgrade			
Office Professional			
Core CAL (Windows, Exchange, SMS, SPS)			
Enhanced w/SQL	\$265.66	\$260.30	\$258.16
OS Upgrade			
Office Professional			
Core CAL (Windows, Exchange, SMS, SPS)			
SQL CAL			

New Product Configurations Pricing effective October 1, 2002 - June 26, 2003

Volume Level	50,000 to 99,999	100,000 to 199,999	200,000 to 299,999
Standard	\$248.52	\$242.09	\$239.95
OS Upgrade			
Office Professional			
Windows, Exchange and SMS CAL			
Enhanced	\$237.81	\$231.38	\$229.24
OS Upgrade			
Office Professional			
Core CAL (Windows, Exchange, SMS, SPS)			
Enhanced w/SQL	\$294.58	\$288.15	\$286.01
OS Upgrade			
Office Professional			
Core CAL (Windows, Exchange, SMS, SPS)			
SQL CAL			

Renewal Product Configurations

Volume Level	200,000 - 299,999	300,000 - 399,999	400,000 +
Standard	\$140.33	\$139.26	\$138.18
OS Upgrade			
Office Professional			
Windows, Exchange and SMS CAL			
Enhanced	\$152.11	\$149.97	\$147.83
OS Upgrade			
Office Professional			
Core CAL (Windows, Exchange, SMS, SPS)			
Enhanced w/SQL	\$176.75	\$174.61	\$172.46
OS Upgrade			
Office Professional			
Core CAL (Windows, Exchange, SMS, SPS)			
SQL CAL			

Renewal Product Configurations with Upgrade

Basic to Standard Upgrade Renewal	\$185.32	\$184.25	\$183.18
Basic to Enhanced Upgrade Renewal	\$212.10	\$209.96	\$207.81
Basic to Enhanced w/SQL Upgrade Renewal	\$271.01	\$265.66	\$263.52
Standard to Enhanced Upgrade Renewal	\$167.11	\$164.96	\$162.82
Standard to Enhd w/SQL Upgrade Renewal	\$223.88	\$220.67	\$218.52

TERM, TERMINATION AND RENEWAL

a. **Term.** This agreement will remain in effect unless it is terminated by either party as described below. Each enrollment will have the term provided in that enrollment.

b. **Termination of this agreement-** Either party may terminate this agreement for any reason upon 60 days written notice. This agreement will automatically terminate upon expiration or termination of your government contract, or that portion of the government contract applicable to the licensing of Microsoft products.

Effect of termination. Such termination will merely terminate either party's ability to enter into new enrollments under this agreement. Such termination will not affect any enrollment not otherwise terminated, and any terms of this agreement applicable to any enrollment not otherwise terminated will continue in effect with respect to that enrollment.

c. **Termination of an enrollment.** You may terminate an enrollment if the agency terminates for its convenience the government contract to which the enrollment applies. Either party to an enrollment may terminate it if the other party materially breaches its obligations under this agreement, including any obligation to submit orders or pay amounts owed (even if such nonpayment is caused by non-appropriation of funds to an enrolled affiliate). If we terminate an enrollment, we may also terminate this agreement and all other enrollments under it. Except where the breach is by its nature not curable within 30 days, the terminating party must give the other party 30 days notice and opportunity to cure. If we give such notice to you, we will give the enrolled affiliate a copy of that notice as well. If an enrolled affiliate ceases to be an affiliate of agency, you must promptly notify us of this fact, and we may terminate the enrollment applicable to it.

d. Effect of termination or expiration. Upon expiration or termination of any enrollment, you must order licenses for all copies of products an enrolled affiliate or agency affiliates have run under the enrollment you submit on its behalf for which you have not previously submitted an order. Except as provided in the next paragraph, in the event of termination, all unpaid installments of the purchase price for any licenses will immediately become due and payable, and the enrolled affiliate will be entitled to perpetual licenses only after all such payments have been made.

If (i) you terminate your enrollment as a result of our breach, or (ii) you terminate your enrollment as a direct result of termination of your government contract by agency for its convenience, or (iii) we terminate an enrollment because an agency affiliate ceases to be an affiliate of the enrolled affiliate, or (iv) we terminate an enrollment for non-payment due to non-appropriation of funds to an enrolled affiliate, then you will have the following options. You may immediately pay the total remaining amount due, including all installments, in which case the enrolled affiliate will have perpetual licenses for all copies of the products you have ordered for it. As an alternative, you may pay only amounts due and payable as of the termination date, in which case the enrolled affiliate will have perpetual licenses for (i) all copies of all products for which payment has been made in full, and (ii) the number of copies of products for which payment has been made in installments that is proportional to the amount you have paid as of the termination date.

e. How to renew an enrollment. We will provide you with 60 days prior written notice of expiration of each enrollment or renewal term advising you of your renewal options. You may have the option to renew an enrollment for successive terms of 12 or 36 full calendar months. We and our affiliates will not unreasonably reject any renewal order. However, we may make a change to the Enterprise Agreement program that will make it necessary for you to enter into new agreements and enrollments.

Placing renewal orders. To renew, you must submit a renewal order within 30 days after the previous term expired. The renewal order must be for Software Assurance for (i) all enterprise products previously ordered for all qualified desktops in the enrolled affiliate's enterprise as of the date of each renewal order, and (ii) all copies of additional products for which the enrolled affiliate elects to renew Software Assurance. You may not add new enterprise products for an enrolled affiliate not previously ordered during the initial term as part of your renewal; to license new enterprise products you must submit a new enrollment.

Consequences of non-renewal. If you elect not to renew an enrollment or Software Assurance for any additional product under an enrollment for an enrolled affiliate, and you otherwise allows Software Assurance for any copies of any products licensed under the enrollment to lapse, then you will not be permitted to order for the enrolled affiliate Software Assurance for such copies later without first acquiring L&SA.

ENROLLMENT FORMS

Enrollment Forms have been provided within this Program Agreement for New Enrollments and Renewal Enrollments.

Please submit the signed Program Agreement, Information Required and Enrollment forms, and a properly executed Purchase Order to facilitate the acceptance and timely processing of your order. If you have any questions, contact your Softmart Program Manager, Andrew Rohrbough at 610-518-4000, ext. 6492 or email andrew.rohrbough@softmart.com.

ADDITIONAL LICENSE TERMS

Transfer Rights. The Microsoft License/Product Use Rights grants the right of license transfer to another agency of the U.S. Government if the enrollee is an agency of the U.S. Government. The Transfer rights



of the PUR are clarified to include the right to transfer among DoD Agencies as well as DoD components within Agencies.

License copies for training, evaluation, research and development (including Research Labs) and back-up. During the term of the enrollment, each enrolled affiliate and any agency affiliate included in its enterprise may (i) run up to 20 complimentary copies of any additional product in a dedicated training facility on their premises; (ii) run up to 10 complimentary copies of any product that we make available to license as an additional product for a 60 day evaluation period; (iii) run complimentary copies of enterprise products and additional products on 1% of the enrolled affiliates qualified desktops for research and development purposes; and (iv) make and retain one complimentary copy of any licensed product for back-up or archival purposes for each of their distinct geographic locations.

Temporary Use of Software During Times of Conflict. During Temporary Expeditionary Deployments ("TEDs"), an enrolled affiliate during the term of this agreement may temporarily deploy and install or use on, or access from qualified desktops or servers, the, Standard Desktop Configuration, Enhanced Desktop Configuration, or Enhanced with SQL Desktop Configuration and the additional products, all described in Attachment A (the "Software") on an unlimited number of qualified desktops or servers being used as part of the TEDs ("Temporary Use"). For purposes of this subsection, the term "Temporary Expeditionary Deployments" or "TEDs" shall refer to any number of software licensed products enrolled under this agreement which may be used at no additional cost by the DoD enrolled affiliate. The coverage will extend to deployments away from in-garrison locations (any military post or government office where troops or civilian government personnel are at a permanent location), deployment locations in support of war games, exercises, real world contingencies, and emergency situations similar to the terrorist attacks on 9/11/01 where temporary duty stations were needed due to the destruction of government offices. Each enrolled affiliate will make a record of the count of each category of license used while deployed and the period of use. After the TED and upon request, the count and duration information, but not the deployed location information, will be provided to the contractor for auditing purposes. Such Temporary Use of the software is limited to a period equal to the length of the TED or six (6) calendar months, whichever is shorter ("Temporary Use Period"), unless a different time period is agreed to in writing by us. At the end of the six month period or as mutually agreed to, the DoD enrolled affiliate will provide a written certification that the licenses have either been destroyed or payment has been made under this agreement. The enrolled affiliate agrees to use the products in accordance with the terms contained in this Agreement and the applicable version of the License Agreement - Product Use Rights. If the DoD enrolled affiliate requires use of the Software beyond the Temporary Use Period and such extended use has not been approved by Microsoft, the enrolled affiliate shall purchase the products in accordance with the pricing terms of this Enterprise Agreement.

GFE Non-Portable Computer Use Rights. DoD has adopted a Teleworking Policy which implements the requirements of Section 359 of Public Law No. 106- 346 (reference A), which requires each Executive Agency to establish a policy under which eligible employees of the agency may participate in teleworking to the maximum extent possible without diminished employee performance. Enrolled affiliate shall have the right to grant to those persons participating under the DoD Teleworking Policy and who have been issued a Government Furnished Equipment (GFE) non-portable desktop in lieu of portable computer, the portable use rights under the applicable License Agreement – Product Use Rights. The portable use rights will apply to such GFE desktop or to a portable computer but not both.

Copies necessary for internal deployment. Each enrolled affiliate may make as many copies of the products licensed under the enrollment as necessary to distribute the products to the users within its enterprise. All copies of any product must be true and complete copies (including copyright and trademark notices) and be made from CD-ROMs, disk sets or a network source, acquired from or made available by a Microsoft approved fulfillment source for that product. Each enrolled affiliate may also have a third party make and distribute copies in its place, but the enrolled affiliate is responsible for third-

party actions to the same extent it would be if the third party were its employee. Enrolled affiliates must make reasonable efforts to make employees, agents and other individuals running a product aware that the product is licensed from Microsoft and may only be run or transferred subject to the terms of this agreement and the License Agreement/Product Use Rights.

Re-imaging rights. If an enrolled affiliate or any affiliate included within its enterprise has licensed products from an original equipment manufacturer (OEM), through a retail source or under any Microsoft program other than this Enterprise Agreement program, it may use copies made from the media provided under this Enterprise Agreement enrollment in place of any copies made from the media provided through that separate source, so long as it complies with the following restrictions.

(i) The enrolled affiliate must have obtained a separate license from the separate source for each copy being replaced.

(ii) The product, language, version and all components (in the case of product suites, such as Office) of the copies made from the media provided under an enrollment must be identical to the product, language, version and all components of the copies they replace.

(iii) In the case of copies licensed from an original equipment manufacturer (OEM) or through a retail source, in addition to the other conditions outlined in this subsection, the product type (e.g. upgrade or full license) of the copies made from the media provided under an enrollment must be identical to the product type of the copies they replace. However, an enrolled affiliate may use copies of a desktop operating system made from the media provided under the enrollment you submit on its behalf in place of copies of the same desktop operating system obtained from a separate source, even though they may be of different types (i.e. one may be an upgrade and the other a full license), provided that the product, language and version are identical.

The use of any copies made under this subsection is subject to the terms and use rights provided with the copies being replaced, and nothing in this section creates or extends any warranty or support obligation.

Government Agency Program Agreement Acceptance		
Please complete, sign and return completed Softmart Program Agreement with a properly executed Purchase Order.		
Name of Agency		Contact Name
Street Address		Contact E-mail Address
City	State	Phone
Country	Postal Code	Fax
Signature		Title
		Date

ENTERPRISE ENROLLMENT FORM REQUIRED INFORMATION

Government Agency (Department Level Information)		
Name of Agency		Contact Name
Street Address		Contact E-mail Address
City	State	Phone
Country	Postal Code	Fax
Microsoft Account Manager Name		
Reseller Information Softmart Government Services, Inc. 450 Acorn Lane, Downingtown, PA 19335 GSA Schedule #GS-35F-0346J		

Defining the Agency's Enterprise

Use this Section to identify which agency affiliates will be included in the agency enterprise. The agency enterprise must consist of entire offices, bureaus, agencies, or departments of agency, not partial offices, bureaus, agencies, or departments. Each affiliate must be entirely "in" or entirely "out." All agency affiliates which consolidate with agency after the effective date of this enrollment that are not party to an Enterprise Enrollment of their own will automatically be included unless you fill in part (b) below.

a. Use this part (a) to determine which current agency affiliates will be included in agency's enterprise. Check on/v one of the boxes in part (a).	
	Agency and all agency affiliates will be participating
	Agency and the following agency affiliates will be participating (if no agency affiliates will be participating, write "none" On line 1) (attach a list of names on a separate piece of paper If more than 5 agency affiliates are being Included)
1	
2	
3	
4	
5	
	Agency and all agency affiliates, except the following agency affiliates, will be participating (attach a list of names on a separate piece of paper If more than 5 agency affiliates are being excluded)
1	
2	
3	
4	
5	
b. Use this part (b) to indicate whether agency affiliates which consolidate with agency after the enrollment effective date will be included. Unless you check the box below, all agency affiliates which consolidate with agency after the enrollment effective date that are not party to an Enterprise Enrollment of their own will automatically be included.	
	Exclude all agency affiliates which consolidate with agency after the enrollment effective date that are not party to an Enterprise Enrollment of their own.

NEW ENROLLMENT FORM

Please check one:

☐ New Enrollment

☐ Renewal Enrollment

Number of Qualified Desktops: _____

Government Agency - CD Media Kit Shipping Address (English Language Only) <i>This address will be used to ship media for Enrollments with 250 or more desktops.</i>		
Name of Agency		Contact Name
Street Address (do not use P.O. Box)		Contact E-mail Address
City	State	Phone
Country	Postal Code	Fax

Government Agency - Purchase Order Acknowledgment <i>Softmart will send a Purchase Order Acknowledgment (POA) to the contact below.</i>		
Contact Name		Contact E-mail Address
Additional E-mails for POA (cc:)		
If contact does not have an email address, Softmart will send one hardcopy POA to the address below.		
Name of Agency		Contact Name
Street Address (do not use P.O. Box)		
City	State	Phone
Country	Postal Code	Fax

For Renewal Enrollments, Proof of Eligibility must be provided to Softmart. The Proof of Eligibility is a written notice from the Contracting Officer that states that "NAME OF AGENCY, and ANY NAMED AFFILIATES (enrollee) is properly licensed for all of the components of the desktop configuration and is eligible to enroll under the applicable product configuration renewal item."